

LABOR MARKET INFORMATION NEWSLETTER

**Vol. XIV No. 3
March 1990**

Unemployment Rate

Seasonally Adjusted
January*

ARIZONA	-	4.5%
Maricopa Co.	-	3.8
Pima Co.	-	3.7
United States	-	5.3

Consumer Price Index

U.S. - January 1990
Base = 1982-84

Wage Earner/Clerical Worker	-	125.9
% Chg. Year Ago	-	5.2

All Urban	-	127.4
% Chg. Year Ago	-	5.2

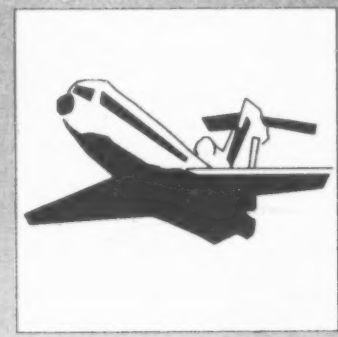
Phoenix - 4th Qtr 1989
Base = 1982-84

All Urban	-	127.8
% Chg. Year Ago	-	4.3

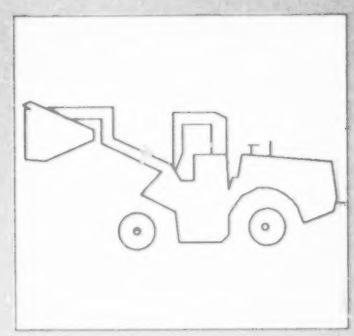
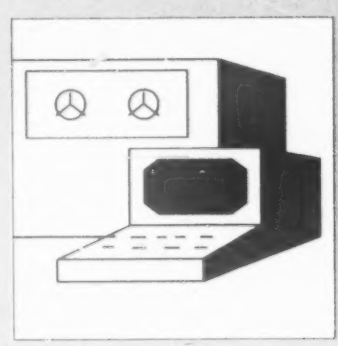
Tucson - 4th Qtr 1989
Base = 1982-84

All Urban	-	128.8
% Chg. Year Ago	-	3.6

* Preliminary



*Forecast
'90-'91*



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Arizona Department of Economic Security
— Moving People Toward Self-Sufficiency

State's Economy Keeps Rolling Despite Rocky Areas

Job Growth Tops '89 Expectations, Forecast to Mirror Nation in Near-Term

Despite all the hoopla concerning the health, or lack of it, of Arizona's economy, 1989's performance was much better than many doomsday predictions.

The recent past has been a time when Arizona's economy moved in the direction of the nation's economy, and toward slow, but steady growth. Although several sectoral problems still exist within the state's economy, the outlook for Arizona over the short term is positive, with the state enjoying wage and salary employment growth at or above the national rate for the foreseeable future.

An important measure of Arizona's economic performance is the unemployment rate. The annual average rate for 1989 was 5.2 percent, a drop of 1.1 percentage points from 1988 and nearly equal to the 5.3 percent rate for the United States. It appears, at least on the surface, that Arizona's overall economic performance was similar to that of the nation.

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*Forecast
'90-'91*

Nationally, there is concern that current job losses in automobiles and steel will spread to other sectors of manufacturing or the whole economy. At home, the uncertainty of the demand for high-tech and defense-related manufactured goods is causing concern.

The Department of Economic Security, Research Administration, forecasts Arizona's unemployment rate to drop slightly in 1990 to 4.9 percent, because the number of unemployed con-

tinues to shrink and is unlikely to return to 1989 levels until summer. In 1991, the unemployment rate will bounce back to 5.2 percent as news of Arizona job growth becomes more widely known, drawing more people into the labor force.

Revised wage and salary statistics show that Arizona created jobs at an annual rate of 2.7 percent in 1989. This corresponds closely with the national rate of 2.8 percent. Industries responsible for the majority of the state's growth were services and trade, and to a lesser extent, government; transportation, communications, and public utilities (TCPU); and mining. Growth would have been greater if not for job losses in construction; finance, insurance, and real estate (FIRE); and manufacturing.

Nationally, there is concern that current job losses in automobiles and steel will spread to other sectors of

(Continued on page 3)

Factors Outside State Affect Arizona's Economic Health

In forecasting Arizona's employment levels, a basic premise holds true: external events can and do influence the state's economy. Examples include oil price fluctuations and natural disasters at one extreme; and on the other, much subtler economic variables that describe the health of the national and international economies, such as the inflation rate.

A discussion of key variables, or assumptions, is necessary in order to understand how the forecasts are derived. Factoring in revised employment and unemployment data, Research Administration uses the variables to drive its Arizona Employment Forecasting Model (AEFM). The AEFM is a 250-equation econometric model that simulates various economic scenarios to produce two-year employment projections for Arizona as a whole and substate regions (e.g., Maricopa and Pima counties).

Research Administration has chosen The WEFA Group (Wharton Econometric Forecasting Associates) as an advisor on the future course of the national economy. Following is a discussion of national economic variables projected by WEFA that are considered important in influencing Arizona's economy.

Real Gross National Product (GNP), after experiencing a sluggish fourth quarter in 1989, is expected to expand slowly by the end of 1990. WEFA expects GNP to grow at a snails-pace rate of 1.8 percent in 1990 and slightly faster in 1991, at 2.5 percent.

Inflation, as measured by percent change in the U.S. Consumer Price Index for all urban consumers (CPI-U), is expected to moderate somewhat from 1989's rate of 4.8 percent. CPI-U will increase 4.1 percent in 1990 and 4.0 percent in 1991.

Interest rates are expected to ease slightly in response to a weak economy. The Federal Reserve, however, has been maintaining a tight monetary policy to fight inflation and not necessarily stimulate growth. The prime lending rate of major banks is expected to decline from a 1989 average of 10.87 percent to the 10.0 percent range in 1990 and remain stable through 1991. The federal funds rate is expected to also decline, averaging about 8.0 percent in 1990 and 8.5 percent in 1991.

Dramatic increases in the price of oil, as evidenced in the '70s and early '80s, can throw the economy into a tailspin. However, the price of oil is expected to only rise slightly from its \$18.13 per-barrel average in 1989 to \$18.25 per barrel in 1990, then decrease somewhat in 1991 to \$17.50 a barrel.

The dollar, after gaining 4.0 percent in 1989, is expected to shed value in 1990 by decreasing 4.2 percent. More of the same is expected in 1991 as the dollar falls 3.5 percent.

Finally, consumer spending is expected to weaken in 1990 with growth around 2.4 percent, compared to 1989 growth of 2.7 percent. Growth in consumer spending in 1991 will remain sluggish as well, coming in at 2.3 percent.

Key Variables

- Gross National Product
- Inflation
- Interest Rates
- Oil Prices
- Dollar
- Consumer Spending

—DES, Research Administration

(Continued from page 2)
manufacturing or the whole economy.

At home, the uncertainty of the demand for high-tech and defense-related manufactured goods is causing concern.

In 1989, employment in Arizona's manufacturing industry decrease 0.5 percent. The forecast for manufacturing in 1990 calls for an additional decrease of 0.3 percent. But in 1991, this industry will rebound and grow

(Continued on page 4)

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at a rate of 2.0 percent, as demand for electric machinery and other durable goods accelerates.

Arizona's mining industry, after reducing staff by half in the early 1980s, is once again healthy and growing. Increased productivity and technological advances, coupled with relatively high copper prices, have produced record profits in this industry.

In 1989, the mining industry created jobs at a rate of
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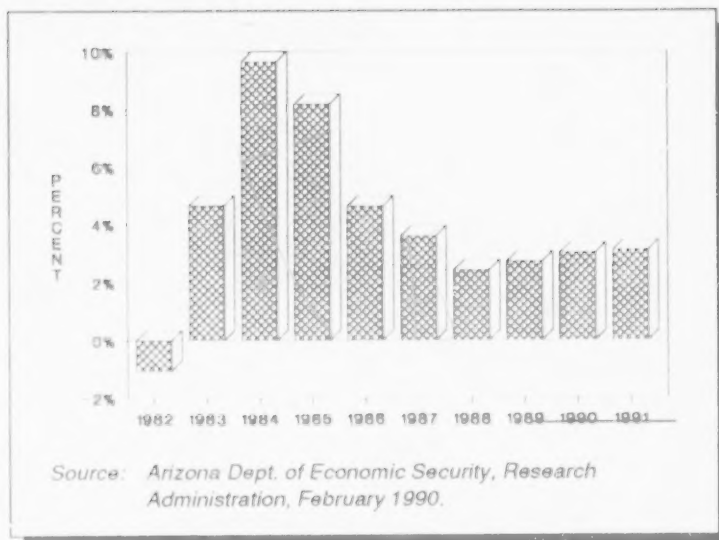


Figure 1. Arizona Wage and Salary Employment Growth Rates, 1982-1991

Table 1. Arizona Wage and Salary Employment, 1989-1991

	1989	Growth Rate	1990	Growth Rate	1991	Growth Rate
Labor Force.....	1,706.0	3.1%	1,730.5	1.4%	1,771.1	2.3%
Unemployment.....	89.0	-14.4%	85.2	-4.3%	92.9	9.0%
Unemployment rate	5.2%		4.9%		5.2%	
Total Employment.....	1,617.0	4.3%	1,645.3	1.8%	1,678.2	2.0%
Total Wage and Salary Employment.....	1,457.2	2.7%	1,500.3	3.0%	1,546.9	3.1%
Manufacturing	188.0	-0.5%	187.4	-0.3%	191.1	2.0%
Mining	12.2	2.5%	12.6	3.3%	12.9	2.4%
Construction	85.9	-8.2%	80.6	-6.2%	80.7	0.1%
TCPU*	76.8	3.6%	79.5	3.5%	82.1	3.3%
Trade	366.7	4.4%	381.7	4.1%	393.0	3.0%
FIRE**	92.6	-1.7%	94.2	1.7%	95.2	1.1%
Services	389.0	5.7%	410.1	5.4%	429.8	4.8%
Government	246.1	3.8%	254.4	3.4%	262.2	3.1%

*TCPU = Transportation, Communications and Public Utilities

**FIRE = Finance, Insurance, and Real Estate

NOTE: Totals may not add due to rounding.

Source: Arizona Dept. of Economic Security, Research Administration, February 1990.

(Continued from page 4)

2.5 percent. Research Administration forecasts modest job growth of 3.3 percent in 1990. The following year growth will slacken to 2.4 percent, as world copper supplies rise and cause prices to fall.

Arizona's construction industry continued to lose employment in 1989, sliding 8.2 percent. The oversupply of property and buildings in almost every facet of real estate -- combined with little hope for reduced interest rates because of inflationary fears -- portends continued recession for Arizona's construction industry.

The 1990 forecast calls for further weakening of this depressed industry, with a 6.2 percent drop in employment. In 1991, the industry will stabilize with 0.1 percent job growth as inflation subsides and interest rates drop.

TCPU expanded 3.6 percent in 1989, with the transportation and communications sectors being responsible for the bulk of this growth.

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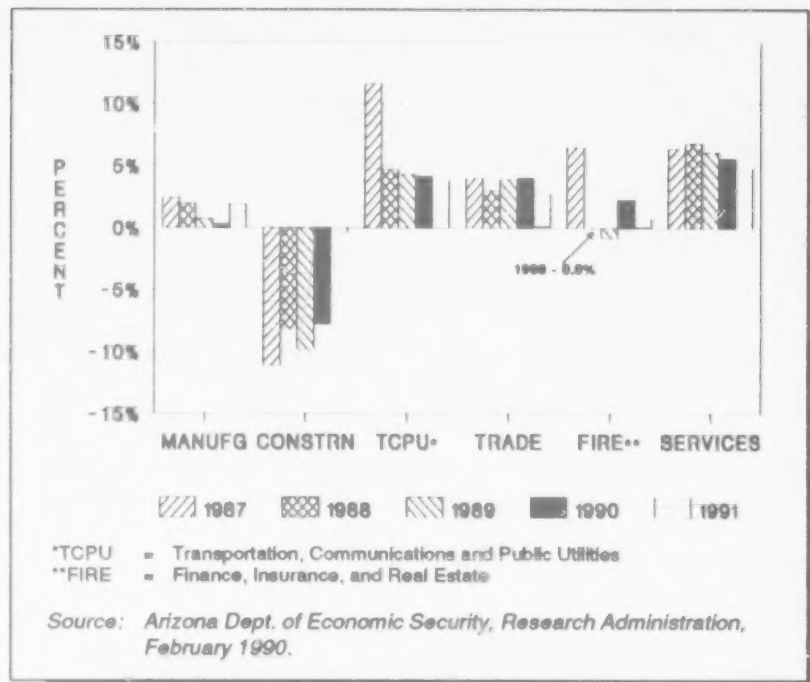


Figure 2. Maricopa County Wage and Salary Employment Growth Rates, 1987-1991

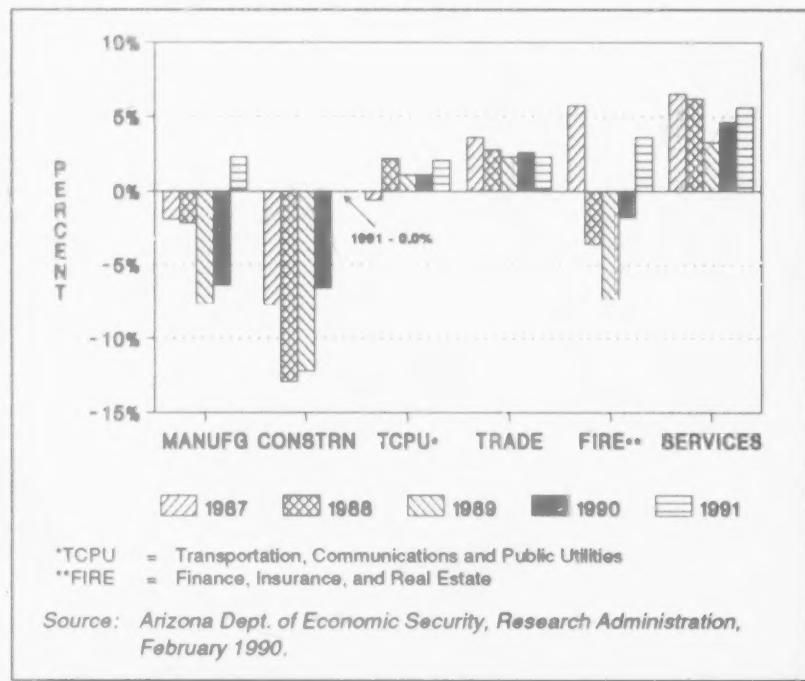


Figure 3. Pima County Wage and Salary Employment Growth Rates, 1987-1991

Table 2. Maricopa County Wage and Salary Employment, 1989-1991

	1989	Growth Rate	1990	Growth Rate	1991	Growth Rate
Labor Force	1,060.7	3.2%	1,075.6	1.4%	1,103.3	2.6%
Unemployment	45.4	-13.5%	44.3	-2.4%	48.7	9.9%
Unemployment rate	4.3%		4.1%		4.4%	
Total Employment	1,015.3	4.1%	1,031.4	1.6%	1,054.6	2.2%
Total Wage and						
Salary Employment	963.1	2.6%	991.6	3.0%	1,019.8	2.8%
Manufacturing	139.3	0.7%	139.7	0.3%	142.3	1.9%
Mining	0.9	28.6%	1.0	11.1%	1.0	0.0%
Construction	57.9	-9.8%	53.4	-7.8%	53.2	-0.4%
TCPU*	53.6	4.3%	55.8	4.1%	57.9	3.8%
Trade	247.6	3.9%	257.6	4.0%	264.5	2.7%
FIRE**	74.3	-0.8%	75.9	2.2%	76.4	0.7%
Services	262.8	6.1%	277.4	5.6%	290.7	4.8%
Government	126.8	3.2%	130.7	3.1%	133.9	2.4%

*TCPU = Transportation, Communications, and Public Utilities.

**FIRE = Finance, Insurance, and Real Estate.

NOTE: Totals may not add due to rounding.

Source: Arizona Dept. of Economic Security, Research Administration, February 1990.

Table 3. Pima County Wage and Salary Employment, 1989-1991

	1989	Growth Rate	1990	Growth Rate	1991	Growth Rate
Labor Force	316.0	1.3%	318.9	0.9%	325.1	1.9%
Unemployment	14.1	-11.9%	14.0	-0.7%	14.7	5.0%
Unemployment rate	4.5%		4.4%		4.5%	
Total Employment	301.9	2.0%	305.0	1.0%	310.5	1.8%
Total Wage and						
Salary Employment	250.0	0.2%	254.1	1.6%	263.2	3.6%
Manufacturing	28.0	-7.6%	26.2	-6.4%	26.8	2.3%
Mining	2.1	16.7%	2.2	4.8%	2.3	4.5%
Construction	15.1	-12.2%	14.1	-6.6%	14.1	0.0%
TCPU*	9.5	1.1%	9.6	1.1%	9.8	2.1%
Trade	58.5	2.3%	60.0	2.6%	61.4	2.3%
FIRE**	11.4	-7.3%	11.2	-1.8%	11.6	3.6%
Services	71.7	3.3%	75.0	4.6%	79.2	5.6%
Government	53.7	3.9%	55.6	3.5%	58.0	4.3%

*TCPU = Transportation, Communications, and Public Utilities.

**FIRE = Finance, Insurance, and Real Estate.

NOTE: Totals may not add due to rounding.

Source: Arizona Dept. of Economic Security, Research Administration, February 1990.

(Continued from page 5)

However, as in-migration accelerates, activity in public utilities will increase. Employment growth in TCPU is forecast to rise 3.5 percent in 1990. The following year growth will decrease slightly to 3.3 percent.

Trade grew at a healthy rate of 4.4 percent in 1989. Consumer confidence, as reflected by sales, produced job growth in every sector of trade. However, expectations are that consumer spending will slow slightly in the coming years.

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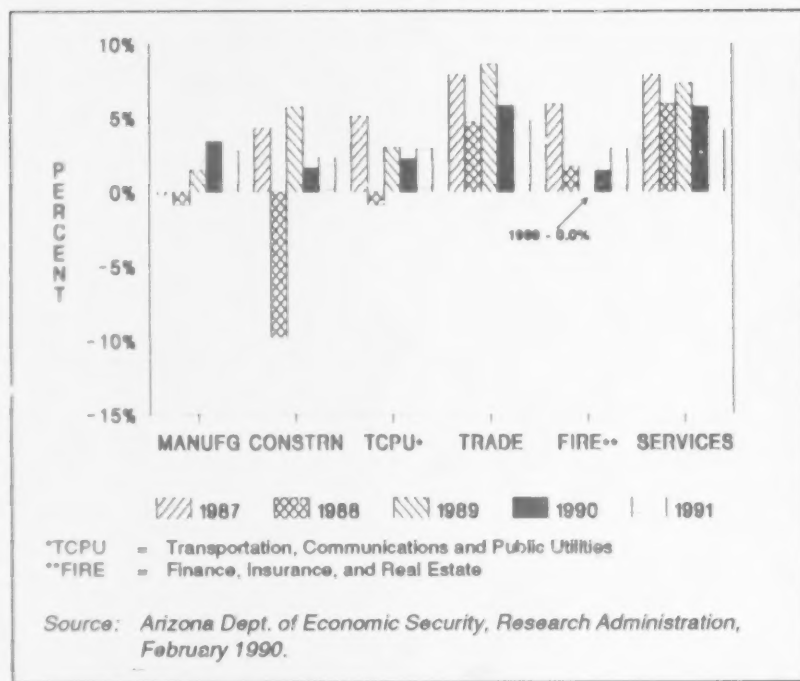


Figure 4. Nonmetropolitan Counties Wage and Salary Employment Growth Rates, 1987-1991

Table 4. Nonmetropolitan Counties Wage and Salary Employment, 1989-1991

	1989	Growth Rate	1990	Growth Rate	1991	Growth Rate
Labor Force.....	329.3	4.7%	336.0	2.0%	342.6	2.0%
Unemployment.....	29.6	-16.6%	27.0	-8.8%	29.5	9.3%
Unemployment rate	9.0%		8.0%		8.6%	
Total Employment.....	299.8	7.5%	308.9	3.0%	313.2	1.4%
Total Wage and Salary Employment.....						
Manufacturing.....	20.7	5.4%	254.6	4.3%	263.8	3.6%
Mining	20.7	1.5%	21.4	3.4%	22.0	2.8%
Construction.....	9.2	-2.1%	9.4	2.2%	9.6	2.1%
TCPU*	12.9	5.7%	13.1	1.6%	13.4	2.3%
Trade.....	13.7	3.0%	14.0	2.2%	14.4	2.9%
FIRE**.....	60.5	8.6%	64.0	5.8%	67.1	4.8%
Services	6.9	0.0%	7.0	1.4%	7.2	2.9%
Government.....	54.5	7.3%	57.6	5.7%	60.0	4.2%
	65.6	4.8%	68.0	3.7%	70.2	3.2%

*TCPU = Transportation, Communications and Public Utilities
 **FIRE = Finance, Insurance, and Real Estate

NOTE: Totals may not add due to rounding.

Source: Arizona Dept. of Economic Security, Research Administration, February 1990.

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As a result, employment growth in trade in 1990 will run at a 4.1 percent clip, and moderate further to 3.0 percent in 1991.

Employment in FIRE has been depressed in part because of problems associated with the construction industry. However, increased activity in finance and real estate is expected as word of Arizona's renewed economic vigor becomes widely known in communities outside the state. After declining 1.7 percent in 1989, employment in FIRE in 1990 will grow 1.7 percent. In 1991, employment growth will average 1.1 percent.

By far, services has been the bright spot in Arizona's economy. Being the largest single employment sector -- slightly larger than trade -- and having the highest growth rate (5.7 percent), services created 21,000 jobs in 1989.

In-migration and increased activity in other sectors of Arizona's economy will insure that services continues to be the largest source of new jobs in the future. The forecast for 1990 calls for 5.4 percent growth, with growth slowing slightly to 4.8 percent in 1991.

Employment in government grew at a rate of 3.8 percent

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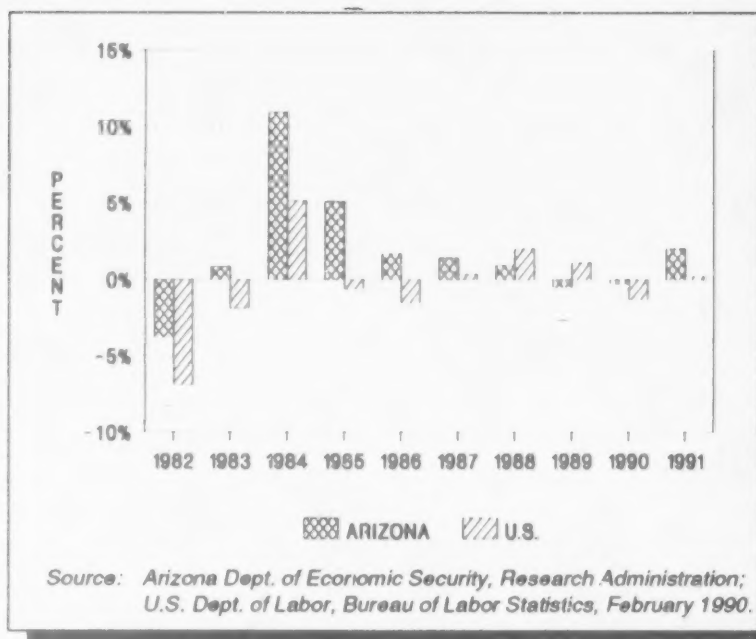


Figure 5. Arizona vs. U.S. Manufacturing Employment Growth Rates, 1982-1991

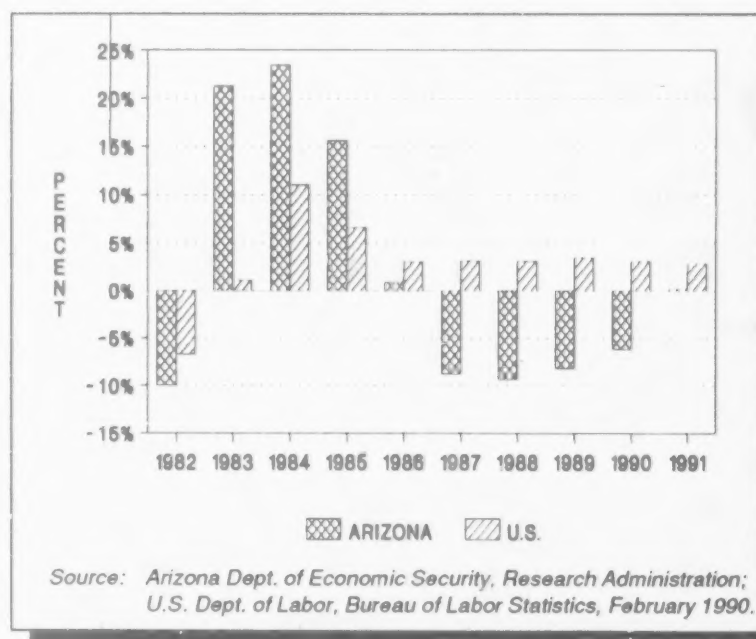


Figure 6. Arizona vs. U.S. Construction Employment Growth Rates, 1982-1991

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in 1989. Population growth will demand continued infrastructure expansion in almost all levels of government. Governmental employment in 1990 will increase at a rate of 3.4 percent, and in 1991, 3.1 percent.

Arizona's economy, after several lackluster years, appears to be off and running again. As word of Arizona's improving fortunes spreads, it will entice people and companies to relocate, which will further diversify the state economy and raise levels of employment and unemployment.

—Marc A. Marra
RA Economist

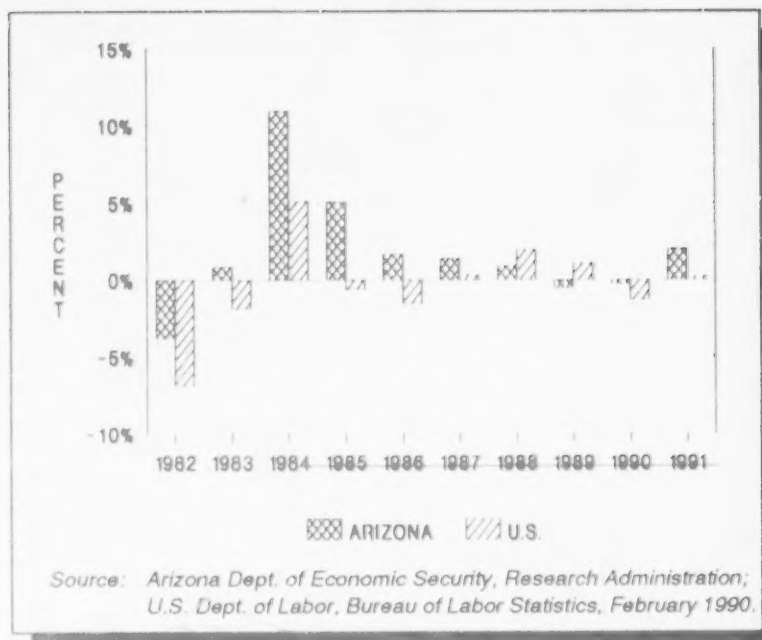


Figure 7. Arizona vs. U.S. Unemployment Rates, 1982-1991

The Arizona Labor Force in January

Arizona's unemployment rate rose to 4.5 percent in January from a revised December rate of 4.4 percent. The rate edged up because 5,600 joined the ranks of the unemployed, raising total unemployment to 73,700.

The unemployment rate increase was small considering there were 22,000 fewer employed in January. The labor force was 16,400 smaller than in December, a common occurrence as many part-time, Christmas-season workers returned to prior pursuits. Since May 1989, the labor force has been in continuous decline, shrinking by 42,800, or 2.4 percent.

Nonfarm wage and salary employment took its usual January dip, dropping

a little more than 25,000 jobs. Arizona's over-the-year job growth during 1989, however, was more than might have been expected given weakness in construction, real estate, and manufacturing. The number of jobs grew a healthy 3.5 percent as the state added 50,400 jobs between January 1989 and January 1990.

Nonmetropolitan counties set the pace with growth of 3.8 percent, while Pima County jobs grew 1.1 percent. Maricopa County ranked close to the state level, growing 3.4 percent. (These rates reflect "benchmarked" (revised) estimates for the first half of 1989, which were derived by comparing original estimates with 1989 first- and second-quarter Unemployment Insurance employment data.)

All major industry groups -- except
(Continued on page 14)

Arizona Labor Force and Employment

January 1990 (in thousands)

	ARIZONA				
	Jan.*	Dec.	Jan.	Amount Change	
	1990	1989	1989	Dec.-	1989-
				Jan.	1990
TOTAL CIVILIAN LABOR FORCE**	1681.2	1697.6	1667.6	-16.4	+13.6
Total Unemployment	73.7	68.1	88.2	+5.6	-14.5
Rate	4.4	4.0	5.3	----	----
Rate (Sea. Adj.)***	4.5	4.4	5.4	----	----
Total Employment	1607.5	1629.5	1579.4	-22.0	+28.1

The Above Labor Force Statistics Should Not

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT BY PLACE OF WORK

TOTAL WAGE AND SALARY	1481.7	1507.1	1431.3	-25.4	+50.4
Manufacturing	187.2	188.5	187.7	-1.3	-0.5
Durable Goods	141.7	142.7	143.7	-1.0	-2.0
Stone, Clay, and Glass	7.6	7.7	7.4	-0.1	+0.2
Primary and Fabricated Metals	15.7	15.9	15.5	-0.2	+0.2
Primary Metals	7.7	7.8	7.8	-0.1	-0.1
Fabricated Metals	8.0	8.1	7.7	-0.1	+0.3
Machinery	59.1	59.7	62.2	-0.6	-3.1
Aircraft and Missiles	26.1	26.0	25.5	+0.1	+0.6
Lumber and Wood Products (Excluding Furniture)	7.6	7.7	7.4	-0.1	+0.2
Nondurable Goods	45.5	45.8	44.0	-0.3	+1.5
Food and Kindred Products	9.6	9.8	9.4	-0.2	+0.2
Printing and Publishing	16.7	16.8	16.5	-0.1	+0.2
Mining and Quarrying	12.7	12.5	12.3	+0.2	+0.4
Copper Mining	9.7	9.5	9.3	+0.2	+0.4
Construction	82.0	83.7	84.9	-1.7	-2.9
Trans., Communications, & Public Utilities	78.5	79.6	74.3	-1.1	+4.2
Transportation	43.1	44.1	38.6	-1.0	+4.5
Communications and Public Utilities	35.4	35.5	35.7	-0.1	-0.3
Trade	378.6	385.8	361.5	-7.2	+17.1
Wholesale Trade	78.0	78.4	73.4	-0.4	+4.6
Retail Trade	300.6	307.4	288.1	-6.8	+12.5
General Merchandise and Apparel	47.8	51.4	45.5	-3.6	+2.3
Food Stores	50.7	51.6	47.8	-0.9	+2.9
Automotive and Service Stations	34.9	35.3	34.5	-0.4	+0.4
Eating and Drinking Places	105.0	105.1	101.2	-0.1	+3.8
Finance, Insurance, and Real Estate	93.7	93.7	91.4	+0.0	+2.3
Services and Miscellaneous	399.5	402.1	378.2	-2.6	+21.3
Hotels and Other Lodging Places	44.3	44.5	41.5	-0.2	+2.8
Business Services****	74.3	75.7	70.2	-1.4	+4.1
Health Services	99.1	98.9	94.9	+0.2	+4.2
Government	249.5	261.2	241.0	-11.7	+8.5
Federal	45.6	45.9	44.3	-0.3	+1.3

* Preliminary

** Labor force, unemployment, and employment are reported by place of residence.

*** Normal seasonal variations have been eliminated to reflect underlying economic trends.

**** Business Services undergoes a series break between December 1987 and January 1988 as a result of the 1987 SIC realignment.

Arizona Labor Force and Employment

January 1990 (in thousands)

MARICOPA COUNTY					PIMA COUNTY				
Jan.*	Dec.	Jan.	Amount Change		Jan.*	Dec.	Jan.	Amount Change	
1990	1989	1989	Dec.-	1989-	1990	1989	1989	Dec.-	1989-
			Jan.	1990				Jan.	1990
1045.6	1053.5	1036.4	-7.9	+9.2	305.4	310.9	310.1	-5.5	-4.7
38.8	35.5	46.0	+3.3	-7.2	11.3	10.3	13.7	+1.0	-2.4
3.7	3.4	4.4	---	---	3.7	3.3	4.4	---	---
3.8	3.6	4.5	---	---	3.7	3.5	4.4	---	---
1006.8	1018.0	990.4	-11.2	+16.4	294.1	300.6	296.4	-6.5	-2.3

Be Used for Economic Assistance Programs

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT BY PLACE OF WORK

980.6	995.8	946.7	-15.2	+33.9	251.2	256.8	248.5	-5.6	+2.7
139.2	139.8	138.2	-0.6	+1.0	26.5	27.2	29.3	-0.7	-2.8
106.7	107.0	106.8	-0.3	-0.1	21.1	21.8	23.9	-0.7	-2.8
4.6	4.7	4.6	-0.1	+0.0					
10.7	10.8	10.6	-0.1	+0.1					
48.9	48.9	50.2	-0.0	-1.3					
32.5	32.8	31.4	-0.3	+1.1	5.4	5.4	5.4	+0.0	+0.0
6.5	6.5	6.0	+0.0	+0.5					
12.0	12.2	11.9	-0.2	+0.1					
1.0	1.0	0.8	+0.0	+0.2	2.3	2.1	2.1	+0.2	+0.2
55.3	55.8	58.5	-0.5	-3.2	14.2	14.6	15.1	-0.4	-0.9
55.2	55.8	52.2	-0.6	+3.0	9.5	9.7	9.0	-0.2	+0.5
32.4	33.0	29.1	-0.6	+3.3	4.8	5.0	4.2	-0.2	+0.6
22.8	22.8	23.1	+0.0	-0.3	4.7	4.7	4.8	+0.0	-0.1
256.3	260.7	246.0	-4.4	+10.3	59.5	61.3	57.3	-1.8	+2.2
62.0	62.4	58.7	-0.4	+3.3	7.6	7.8	7.1	-0.2	+0.5
194.3	198.3	187.3	-4.0	+7.0	51.9	53.5	50.2	-1.6	+1.7
29.9	32.4	29.2	-2.5	+0.7	7.3	7.7	7.5	-0.4	-0.2
32.9	33.4	30.6	-0.5	+2.3	8.0	8.3	8.0	-0.3	+0.0
22.2	22.6	21.8	-0.4	+0.4	5.7	5.8	5.8	-0.1	-0.1
67.5	66.9	65.4	+0.6	+2.1	19.5	19.9	18.7	-0.4	+0.8
75.5	75.5	73.1	+0.0	+2.4	11.2	11.4	11.5	-0.2	-0.3
270.6	272.8	255.7	-2.2	+14.9	73.3	73.6	70.8	-0.3	+2.5
28.1	28.4	25.8	-0.3	+2.3	6.6	6.5	6.5	+0.1	+0.1
59.8	61.1	57.0	-1.3	+2.8	9.9	10.1	9.3	-0.2	+0.6
64.2	64.1	61.5	+0.1	+2.7	21.5	21.2	21.0	+0.3	+0.5
127.5	134.4	122.2	-6.9	+5.3	54.7	56.9	53.4	-2.2	+1.3

NOTE: Prepared by the Arizona Department of Economic Security, Research Administration, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

**Nonmetropolitan Counties
Labor Force and Employment
January 1990**

	Apache	Cochise	Coco- nino	Gila	Graham	Green- lee	La Paz
CIVILIAN LABOR FORCE*	14,300	35,400	42,725	12,575	7,200	2,775	5,575
Total Unemployment	1,750	2,000	2,925	1,050	550	250	350
Rate	12.2%	5.6%	6.8%	8.3%	7.6%	9.0%	6.3%
Rate (Seas. Adj.)**	12.4%	5.3%	6.0%	8.0%	7.6%	9.1%	6.0%
Total Employment	12,550	33,400	39,800	11,525	6,650	2,525	5,225

THE ABOVE LABOR FORCE STATISTICS SHOULD NOT BE USED
FOR ECONOMIC ASSISTANCE PROGRAMS

TOTAL WAGE AND SALARY	15,150	26,550	40,100	11,125	4,600	2,725	3,900
Manufacturing	875	1,250	3,200	1,400	200	25	325
Mining & Quarrying	50	150	325	1,325	0	1,600	75
Construction	725	875	1,675	325	175	75	175
T.C.P.U.	2,050	1,850	2,475	450	150	50	125
Trade	1,850	5,800	9,275	2,600	1,375	225	1,275
F.I.R.E.	425	650	675	300	100	25	100
Services & Misc.	4,150	5,175	10,575	2,050	850	125	950
Government	5,025	10,800	11,900	2,675	1,750	600	875

	Mohave	Navajo	Pinal	Santa Cruz	Yavapai	Yuma
CIVILIAN LABOR FORCE*	35,225	27,400	37,750	12,150	38,050	59,225
Total Unemployment	1,625	2,400	2,375	1,000	1,750	5,675
Rate	4.6%	8.8%	6.3%	8.2%	4.6%	9.6%
Rate (Seas. Adj.)**	4.4%	8.4%	6.6%	12.2%	4.1%	17.4%
Total Employment	33,600	25,000	35,375	11,150	36,300	53,550

THE ABOVE LABOR FORCE STATISTICS SHOULD NOT BE USED
FOR ECONOMIC ASSISTANCE PROGRAMS

TOTAL WAGE AND SALARY	25,650	22,000	30,100	12,050	26,950	29,075
Manufacturing	2,500	1,900	4,025	1,225	2,175	2,325
Mining & Quarrying	50	1,225	3,700	0	850	50
Construction	2,900	1,125	725	375	2,150	1,250
T.C.P.U.	1,125	1,675	1,025	750	1,050	1,050
Trade	7,750	4,325	6,325	5,675	7,500	8,875
F.I.R.E.	1,225	400	825	275	950	950
Services & Misc.	5,925	5,450	4,675	1,950	6,750	7,000
Government	4,175	5,900	8,800	1,800	5,525	7,575

* Adjusted to the Current Population Survey (CPS) to reflect place of residence.

** Seasonal adjustment not applicable for economic assistance programs.

T.C.P.U. = Transportation, Communications, and Public Utilities

F.I.R.E. = Finance, Insurance, and Real Estate

Prepared in conjunction with the U.S. Department of Labor, Bureau of Labor Statistics.

**Estimated Hours and Earnings of Production
Workers in Selected Industries
Arizona**

INDUSTRY	AVERAGE WEEKLY EARNINGS			AVERAGE WEEKLY HOURS			AVERAGE HOURLY EARNINGS		
	Jan.*	Dec.	Jan.	Jan.*	Dec.	Jan.	Jan.*	Dec.	Jan.
	1990	1989	1989	1990	1989	1989	1990	1989	1989
Manufacturing	415.71	421.93	402.46	41.2	41.9	40.9	10.09	10.07	9.84
Aircraft & Missiles	625.80	654.58	592.30	44.7	46.0	44.5	14.00	14.23	13.31
Food & Kindred Prod.	337.65	341.75	345.02	38.9	39.6	40.4	8.68	8.63	8.54
Primary Metals	471.10	482.30	505.72	37.3	37.1	40.2	12.63	13.00	12.58
Machinery	374.42	384.52	395.20	38.6	39.6	40.0	9.70	9.71	9.88
Copper Mining	594.88	577.58	544.83	44.0	43.2	42.9	13.52	13.37	12.70
Construction	427.86	431.22	415.24	37.4	37.4	35.4	11.44	11.53	11.73
Utilities	718.61	703.12	674.00	40.9	44.0	43.4	17.57	15.98	15.53
Retail Trade**	257.19	251.75	240.96	33.1	33.3	32.0	7.77	7.56	7.53
Wholesale Trade	364.62	374.79	367.09	38.1	39.0	38.6	9.57	9.61	9.51

**Estimated Hours and Earnings of Production
Workers in Selected Industries
Maricopa County**

INDUSTRY	AVERAGE WEEKLY EARNINGS			AVERAGE WEEKLY HOURS			AVERAGE HOURLY EARNINGS		
	Jan.*	Dec.	Jan.	Jan.*	Dec.	Jan.	Jan.*	Dec.	Jan.
	1990	1989	1989	1990	1989	1989	1990	1989	1989
Manufacturing	433.89	444.74	427.87	41.6	42.6	41.3	10.43	10.44	10.36
Construction	446.52	452.70	437.05	36.6	37.6	36.3	12.20	12.04	12.04
Retail Trade**	268.29	260.95	266.07	33.0	33.2	33.3	8.13	7.86	7.99
Wholesale Trade	382.00	392.82	384.54	38.2	39.4	39.0	10.00	9.97	9.86

**Estimated Hours and Earnings of Production
Workers in Selected Industries
Pima County**

INDUSTRY	AVERAGE WEEKLY EARNINGS			AVERAGE WEEKLY HOURS			AVERAGE HOURLY EARNINGS		
	Jan.*	Dec.	Jan.	Jan.*	Dec.	Jan.	Jan.*	Dec.	Jan.
	1990	1989	1989	1990	1989	1989	1990	1989	1989
Manufacturing	355.05	371.13	372.49	37.1	38.3	38.6	9.57	9.69	9.65
Construction	371.47	378.30	389.34	36.1	36.8	36.8	10.29	10.28	10.58
Utilities	576.77	577.28	599.65	38.4	38.9	41.1	15.02	14.84	14.59

* Preliminary.

** Excludes eating and drinking places.

Note: These estimates are based on a sample of full- and part-time production and related employees whose payroll and hours are reported for the pay period which includes the 12th of the month. Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

**Arizona Labor Force and Employment
for Economic Assistance Programs
January 1990**

<u>County</u>	<u>Civilian Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Rate</u>
Statewide	1,681,237	1,607,540	73,697	4.4%
Apache	14,294	12,543	1,751	12.2
Cochise	35,410	33,410	2,000	5.6
Coconino	42,706	39,793	2,913	6.8
Gila	12,577	11,515	1,062	8.4
Graham	7,208	6,660	548	7.6
Greenlee	2,756	2,516	240	8.7
La Paz	5,573	5,223	350	6.3
Maricopa	1,045,546	1,006,787	38,759	3.7
Mohave	35,244	33,607	1,637	4.6
Navajo	27,382	24,990	2,392	8.7
Pima	305,392	294,125	11,267	3.7
Pinal	37,740	35,369	2,371	6.3
Santa Cruz	12,143	11,155	988	8.1
Yavapai	38,040	36,301	1,739	4.6
Yuma	59,228	53,547	5,681	9.6

These figures are the only official BLS labor statistics to be used for revenue sharing purposes. They are not designed to be used as economic indicators.

NOTE: Series for Yuma and La Paz counties start January 1983. Data are not comparable to any past series.

The Arizona Labor Force in January

(Continued from page 9)

mining; and finance, insurance, and real estate (FIRE) -- lost employment in January. Mining added 200 over-the-month while FIRE held steady.

(It is seasonally normal for most industries to lose employment between December and January, but the lion's share of the loss occurs in government and trade. These two industries account for three-fourths of the total jobs lost.)

Even the goods-producers experienced a winter solstice, or end-of-calendar-year punctuation. Manufacturing and

construction together dropped 3,000 jobs. Actually, January losses in both industries were a bit less than has been seasonally normal. That was especially true for construction, which lost 1,700, about 1,000 fewer than the average January loss since 1982.

The interesting news in January, however, was more in the over-the-year change now that 1989 labor force estimates have been benchmarked. Arizona gained 50,400 jobs last year. This reflects improved economic conditions since midyear and job growth equal to or ahead of population growth.

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The state's nonmetropolitan counties enjoyed the strongest job creation in 1989. Although rural counties account for only 16.9 percent of the state's jobs, they garnered 27.0 percent of the new jobs created last year.

The second fastest growing area in Arizona was Maricopa County. Here, job growth and employment shares were nearly equal. The Phoenix metropolitan area accounts for about two-thirds of total statewide jobs (66.2 percent), and its share of job growth in 1989 was 67.3 percent.

The slowest growing area of the state in 1989 was Pima County. While approximately 17.0 percent of the state's jobs are in the Tucson metropolitan area, it received only 5.6 percent of the new jobs created last year.

Job growth by industry continues a pattern that has held over the last couple of years. The goods-producers are declining or stagnant while service-producers are picking up the slack. Manufacturing and construction together lost 3,400 jobs over-the-year from January to January. At the same time, the service sector added 53,400 jobs.

Trade and services accounted for 72 percent of the service-sector gain, but contributions of two other industries -- transportation, communications, and public utilities (TCPU); and FIRE -- have been significant. Transportation has been enjoying exceptional growth, especially among airlines, and FIRE experienced a partial recovery from its 1988 decline. And finally, government grew 3.5 percent, slightly faster than the rate of population growth.

— Ron Simon
RA Economic Analysis Manager

New Developments

"New Developments" is featured each month as a service to our readers. This section is a compilation of public announcements and articles from newspapers and periodicals about events significant to Arizona labor markets. Due to space limitations, however, an exhaustive list of business news is not possible. In addition, the Arizona LMI Newsletter is not responsible for incorrect information reported by these sources.

MANUFACTURING -- Prescott has scored 1 win and 1 loss in the job-development game. **Grand Rapids/Zimmerla Corp.**, a manufacturer of wood and glass show-cases for department stores, will move its Los Angeles plant to the northern Arizona town of 25,000. Construction on a new plant, which would employ about 80 workers and pay from \$5 to \$9 an hour, is expected to begin in June. The luring of the L.A. company, however, is tempered with the decision of **Kimstock Inc.** of Santa Ana, Calif., not to move to Prescott. The manufacturer of fiberglass tubs and showers, which had expressed interest in bringing its plant and 200 jobs to Prescott, cited its inability to get necessary financing in Arizona and lack of a quick response from the City of Prescott and the state Commerce and Economic Development Commission as reasons for not coming. The commission says it was only given two months to act on Kimstock's request.

Goodyear recently suffered a significant economic blow when **Rymer Foods Inc.** reversed an earlier decision to build a chicken-processing plant in the small community 30 miles west of Phoenix. In November, Chicago-based Rymer announced it would build a 60,000-square-foot facility in

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Goodyear that would employ 210 to 250 workers, but instead opted to build a plant in Oklahoma, saying Goodyear had high utility rates and property taxes.

The Phoenix-based subsidiary of a Japanese chemical company, MicroSi Inc., is increasing its Valley presence by bringing its product-development and manufacturing operations from Bristol, Tenn., to the Phoenix Technology Park at 10028 S. 51st St. MicroSi, which produces photolithography chemicals used in making semiconductor devices, has as its customers many of the Valley high-tech companies. Its workforce, consisting primarily of about 25 engineers and technicians, is expected to increase with the move.

Recontek Inc., a San Diego company that operates high-tech waste-recycling facilities, has applied for state and federal permits to build a plant in Gila Bend. If approval is given later this year, Recontek expects construction to take about a year to build a 66,000-square-foot plant that would employ around 180 workers and have a payroll of about \$3.5 million. The company's recycling plants use several processes to recover a variety of metals -- gold, silver, tin, copper -- from high-tech industry wastes.

Sierra Environmental Systems Inc., which manufactures water filtration systems, has partially moved its operation from Phoenix to the White Mountain community of Snowflake. And when a new 5,000- to 7,000-square-foot production building and 20,000-square-foot warehouse are completed (no time available), the already hired and trained workforce will consist of 40 to 50 production and 10 to 15 warehouse employees.

CONSTRUCTION -- Taking advantage of a booming market and a lack of housing, **Homes by Dave Brown**, a major Valley contractor, is planning three single-family home subdivisions in Bullhead City, across the Colorado River from the fast-growing gambling town of Laughlin, Nev. The Tempe company's first subdivision will be Mountain View Ranch, a 206-acre community eight miles south of Bullhead City that will feature three floor plans ranging from 900 square feet to 2,200 square feet and will be priced from \$59,900 to \$115,000.

The City of Phoenix has awarded PCL Construction Services a \$20 million contract to build the international concourse for Sky Harbor International Airport Terminal 4. The 176,000-square-foot concourse will feature three floors and a 760-foot transfer bridge when the terminal opens in February 1991.

FINANCE, INSURANCE and REAL ESTATE --

As would be expected, 1989 was a year to forget for the Valley real estate market, as some recently released statistics show. But there also were some signs that the worst is over, say several analysts who spoke recently at the Arizona Real Estate Center's "Outlook '90" conference. First, the bad news: construction permits in Maricopa County dropped from 44,574 in 1988 to 36,264 in 1989; nearly 100 builders went out of business or left the Valley last year; for the third straight year office rent's declined; and the apartment vacancy rate remained a high 13 percent, while the industrial-space vacancy rate was an astronomical 31 percent. However, there is a positive side: home buyers are being offered more incentives, which helped boost sales of single-family homes in the fourth quarter of

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'89; office space absorption should nearly equal space added this year; and the outlook for the industrial sector is the best in five years, primarily because of less speculative lending.

The number of foreclosures in the Phoenix area continued its upward climb -- from 15,472 (valued at \$3.3 billion) in 1988 to 17,828 (valued at \$4.4 billion) in 1989 -- according to the *Foreclosure Update Newsletter*. And foreclosures are expected to rise in 1990 an additional 15 to 25 percent over '89 totals unless enough new jobs are created to offset layoffs and in-migration, says Ralph Shattuck, publisher of the newsletter.

SERVICES -- **Mayo Clinic-Scottsdale** plans to break ground in May on a \$30 million expansion of its facility off Shea Boulevard. Plans call for a \$25.2 million addition that will mirror its present building and a \$5 million research center. When the buildings are completed in about two years, the sister facility of the renowned Minneapolis facility will be able to increase its number of physicians, from 84 to 120, and support personnel, from 500 to 750.

The **Valley hotel occupancy rate** (64 percent) for 1989 increased for the first year since 1984 and is expected to reach 66 percent in 1990, the highest rate since 1985, say industry analysts at the accounting firm of **Laventhol & Horwath**. Fewer new hotel and resort rooms helped improve the occupancy rate, with resorts experiencing the largest rise in '89, up 6.8 percent. Meanwhile, the addition of more than 800 rooms in the past year to the Flagstaff area and more on the way is expected to put a crimp in the pockets of smaller Route

66-era motel owners. Predictions include smaller motels will have to remodel, go out of business, or become low-rent apartments.

Valley-based **Best Western International** has moved its reservations center to north Phoenix and will be hiring seasonal workers through July, its peak demand for hotel rooms. The hotel chain, now located near Interstate 17 and Beardsley Avenue, expects to increase employment from 250 to 500 by summer -- 40 higher than last year -- and says peak employment will rise to between 800 and 1,000 by 1997.

Arizona has become a target area of **Super 8 Motels**, an Aberdeen, S.D.-based chain with 675 locations, almost all owned by franchisees. Currently, 17 motels are open in the state, with five under construction or in the development phase in Williams, Yuma, Phoenix, Page, and Sedona.

The owner of the **Arizona Biltmore** has filed for protection under Chapter 11 of the U.S. Bankruptcy Code in order to reduce its debts. **Lepercq/DBL Biltmore Associates**, which has owned the famous five-star resort since 1984, wants to refinance its \$167 million in obligations or sell the hotel by May 15.

Arizona's dry and sunny weather may make it the auto-testing capital of world. **Toyota Motor Corp.** has announced it plans to build one of the world's largest auto testing tracks -- 4 x 2 miles -- on 6,200 acres about 50 miles northwest of Phoenix. The 22-square-mile facility, which would also include a 7,000-foot-long landing strip and three wind tunnels, is expected to employ 100 to 150 workers. Meanwhile, Chandler-based **Sun Test Engineering Inc.** has purchased 2,700

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acres near **Casa Grande** in hopes of getting several auto manufacturers to go in on a facility for testing car materials and replacement parts. Sun Test, a subsidiary of the Arizona Car Care Centers, previously helped put together the Nissan-Calsonic testing center in Casa Grande.

Entrepreneur Judson Smith hopes Arizona also becomes the world's car-care capital. Smith is building at Paradise Valley Mall the first of 10 new **Carousel Car Care Centres**, which will offer car washes, lubes, oil changes, detailing, tune-ups, fuel, and tire changes. The auto-care facility will also have a unique feature -- an amusement-park atmosphere that will include walkways, ponds, and retail shops.

"All Aboard!" will be heard more frequently and sooner than expected from the **Grand Canyon Railway** this year as passenger demand has caused the Williams-to-Grand Canyon train to move up its 1990 opening date from April 1 to March 1 and add a second train in April, two month's ahead of last year's schedule. In its second year of operation, the Grand Canyon Railway expects to carry 200,000 passengers and make a profit by the end of this year. Employment, currently at 150, is expected to grow to 800 when a planned 400-room hotel and theme park are completed across Interstate 40 from Williams. No date for construction of these projects has been announced.

The **Arizona Design Centre**, which is home to companies and manufacturer's representatives that sell products to the interior-design and furnishings industry, has signed four new tenants -- all fabric houses -- and announced plans to add a 110,000-square-foot

second phase to its 138,000-square-foot facility at 3600 E. University Drive, Phoenix. The first phase of the design center, owned by **Birtcher**, a California development company, is 70 percent leased and has 15 tenants.

DHL Worldwide Express has laid off 28 workers from its customer-service center in Tempe, bringing its workforce to 180, and is holding off plans for consolidating its U.S. customer-service operations due to problems with its computer system. DHL, the world's largest international air-express company, had expected to add 320 employees at the Tempe facility in 1990.

TRANSPORTATION, COMMUNICATIONS AND PUBLIC UTILITIES (TCPU) -- Arizona Public Service Co. (APS), the state's largest utility, has offered an early retirement program to 850 of its 8,200 employees, citing a need to cut costs. APS, which is already eliminating 200 jobs this year through attrition, says it hopes that 400 employees who are at least 50 years old and have 10 years of service will take the early-retirement package, which offers full benefits and cash supplements.

TRADE -- Despite an overall slow-growing Arizona economy -- due mainly to problems in manufacturing and construction -- the retail trade sector continues to expand rapidly, particularly in the metropolitan areas. Quite a few national and regional chains recently announced expansion plans or will open new stores in March or April, primarily in the greater Phoenix area. The announcements included: eight additional **Walgreen's** drug stores; the third **Price Savers** warehouse in the Valley; three to four new outlets of **Linens Plus**, a speciality bedding store; 12 new

(Continued on page 19)

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Rally's hamburger restaurants; and two **Circuit City** electronics locations, one in Phoenix and Mesa. Chains that are opening new locations in March and April include: speciality clothier **Harris and Frank** at Paradise Valley Mall; four locations of off-price retailer **TJ Maxx**, two in Phoenix and one each in Mesa and Tucson; and the state's fourth **HomeClub**, a home-improvement store, in Tempe.

Phoenix-based Yellow Front Stores Inc. has filed for protection from creditors under Chapter 11 of U.S. Bankruptcy Code and is trying to pare its operations dramatically in order to save its remaining stores, 133 as of late February. Claiming it's strapped for cash, the 44-year-old general-merchandise chain has requested emergency approval to conduct going-out-of-business sales in about 30 stores throughout Arizona so that it can use the proceeds to replenish stock of other locations.

Smith's Food & Drug Stores Inc., in a stiff battle with other supermarket chains in the state, has retreated in one area -- backing off from previous plans to build a store in **Show Low**. A decision by Fry's Food Stores of Arizona to open the second store in the Show Low and Pinetop-Lakeside area (Safeway owns the other) scuttled the plans of Smith's, which says the White Mountain area cannot support three supermarkets at this time. Smith's instead will build a store in **Globe**. However, a smaller chain, **BUY 4 LE\$\$**, has entered the Show Low market. **BUY 4 LE\$\$** says it offers deep-discounted goods (up to 50 percent) by carrying damaged merchandise, private label products and special purchases.

MISCELLANEOUS -- **K mart** and developers

of a **Holiday Inn** are finding tough sledding in **Flagstaff** from environmentalists and planning and zoning officials. **K mart**, which wants to build a 86,000-square-foot store in **Gateway Center**, near interstates 17 and 40, has drawn criticism because of proposals to cut down nine acres of trees on a 10-acre site it plans to use. The **Holiday Inn** proposal, which would be next door to the proposed **K mart**, has been delayed because the developer wants a 10-story building, while the planning commission has recommended a limit of six floors. The developer says a smaller building is not economically viable, but the city says that a tall building will block the view of **Humphreys Peak** as tourists drive into **Flagstaff**.

Beginning April 1, **Phoenix-based U-Haul International Inc.** will deduct \$5 from paychecks of employees who smoke or weigh more or less than standards the company sets. As an example, employees who are 5'8" must pay \$5 every two weeks if they do not weigh between 111 and 195 pounds. **U-Haul**, which pays health-care premiums for employees and spouses, blames a \$4.2 million increase in insurance premiums over the past three years for its new policy. One **Phoenix** attorney says the company is opening itself up for lawsuits.

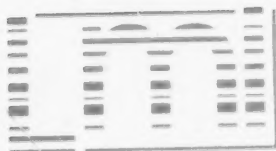
The **Tucson Business Coalition**, a group representing the interests of **Tucson's** small businesses, was formed in February and hopes to have 2,000 businesses signed on as members within the next six months. The **Tucson** group, inspired by a local radio business forum, will have four initial areas of interest: taxes, permits, regulations, and government attitudes toward business.

Arizona Labor Market Newsletter
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